

**BEFORE THE  
ILLINOIS COMMERCE COMMISSION**

TalkingNets Holdings, LLC

Application for a certificate of  
local and interexchange authority  
to operate as a reseller and facilities  
based carrier of telecommunications  
services throughout the State of Illinois.

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Docket No. 00-0619

**TESTIMONY OF JOHN PHILIPS  
ON BEHALF OF  
TALKINGNETS HOLDINGS, LLC**

**OFFICIAL FILE**

I.C.C. DOCKET NO. 00 0619  
App Exhibit No. 1  
Witness John Phillips  
Date 11/9/00 Reporter \_\_\_\_\_

1    **I.    INTRODUCTION**

2    **Q.    PLEASE STATE YOUR NAME, TITLE, BUSINESS ADDRESS AND TELE-**  
3    **PHONE NUMBER.**

4    **A.**    My name is John Phillips. I am the Chief Executive Officer of TalkingNets Holdings,  
5    LLC ("TalkingNets" or "Applicant"). My business address is 1111 Military Cutoff  
6    Rd., Suite 221, Wilmington, NC 28405. My business telephone is (910) 256-0770.

7    **Q.    WHAT ARE YOUR RESPONSIBILITIES AS CHIEF EXECUTIVE OFFI-**  
8    **CER?**

9    **A.**    In my capacity as Chief Executive Officer, I oversee all aspects involving Talking-  
10    Nets' everyday business affairs, including the planning and implementation of our  
11    business plan as a telecommunications provider in a variety of states, including Illi-  
12    nois.

13    **Q.    PLEASE DESCRIBE YOUR PROFESSIONAL EXPERIENCE.**

14    **A.**    Prior to joining TalkingNets, I was vice president of business development at Telco  
15    Systems/World Access, a leading supplier of international telecommunications serv-  
16    ices, switching equipment and transmission/access equipment used by CLECs, Inter-  
17    net service providers (ISPs), and long-distance carriers. Prior to that role, I was a  
18    founder of Synaptyx Corporation, which developed equipment that allowed CLECs to  
19    deliver integrated voice and data services across emerging networks. I helped or-  
20    chestrate the sale of Synaptyx to Telco Systems in October 1998 for \$15 million –  
21    after only one year of product development at Synaptyx and a marketing investment  
22    of \$500,000. Before Synaptyx, I spent nine years at TTC, a subsidiary of Dynatech

1 Corporation. TTC is the leading provider of operational tests analysis tools, and sys-  
2 tems for the telecom service provider market. My experience there included serving  
3 as leader of the marketing team for the T-BERD products, the leading revenue pro-  
4 ducer for the company. I graduated summa cum laude from Duke University with a  
5 B.S. in Electrical Engineering.

6 **Q. ARE YOU FAMILIAR WITH THE APPLICATION THAT TALKINGNETS**  
7 **FILED WITH THE ILLINOIS COMMERCE COMMISSION FOR A CER-**  
8 **TIFICATE OF LOCAL AND INTEREXCHANGE AUTHORITY TO OPER-**  
9 **ATE AS A RESELLER AND FACILITIES-BASED CARRIER OF**  
10 **TELECOMMUNICATIONS SERVICES THROUGHOUT THE STATE OF**  
11 **ILLINOIS?**

12 **A. Yes.**

13 **Q. DO YOU RATIFY AND CONFIRM THE STATEMENTS THAT ARE MADE**  
14 **IN THE APPLICATION?**

15 **A. Yes.**

16 **II. PURPOSE AND SUMMARY**

17 **Q. WHAT IS THE PURPOSE OF YOUR TESTIMONY IN THIS PROCEEDING?**

18 **A.** I submit this testimony on behalf of TalkingNets to explain the services that Talking-  
19 Nets proposes to offer in Illinois, and to demonstrate TalkingNets' financial, techni-  
20 cal, managerial and operational capabilities to operate as a provider of competitive  
21 local exchange and interexchange services in Illinois.

1 Q. PLEASE DESCRIBE THE AUTHORITY THAT TALKINGNETS SEEKS  
2 FROM THE COMMISSION.

3 A. TalkingNets is seeking authority to provide facilities-based as well as resold, local  
4 and interexchange telecommunications services throughout the state of Illinois.

5 Q. HAS TALKINGNETS BEEN AUTHORIZED TO PROVIDE SUCH  
6 SERVICE IN ANY OTHER JURISDICTIONS?

7 A. TalkingNets is currently authorized to provide facilities-based as well as resold local  
8 and interexchange telecommunications services in Colorado, Massachusetts, New  
9 York, and the District of Columbia. TalkingNets has pending applications for  
10 authority to provide such services in California, Florida, Ohio, Maryland, and Vir-  
11 ginia.

12 Q. HAS TALKINGNETS EVER BEEN DENIED AUTHORIZATION BY A  
13 STATE REGULATORY AGENCY?

14 A. No, TalkingNets has never been denied requested authorization to provide telecom-  
15 munications services by any regulatory agency.

16 Q. PLEASE DESCRIBE THE CORPORATE STRUCTURE OF TALKINGNETS

17 A. TalkingNets is a limited liability company organized under the laws of the state of  
18 Delaware. TalkingNets is a wholly owned subsidiary of TalkingNets Inc., which is  
19 also a Delaware corporation.

20 **III. MANAGERIAL AND TECHNICAL QUALIFICATIONS**

21 Q. PLEASE ADDRESS TALKINGNETS' MANAGERIAL AND TECHNICAL  
22 QUALIFICATIONS.

1 A. The management of TalkingNets is well qualified to execute its business plan, having  
2 extensive managerial and technical experience in the telecommunications field.  
3 TalkingNets attached descriptions of the experience of its management personnel as  
4 Exhibit 3 to its Application. TalkingNets maintains that these materials demonstrate  
5 its capability to provide the proposed telecommunications services in the State of Illi-  
6 nois.

7 **IV. FINANCIAL QUALIFICATIONS**

8 **Q. PLEASE DESCRIBE TALKINGNETS' FINANCIAL QUALIFICATIONS.**

9 A. TalkingNets is financially qualified to provide the proposed telecommunications  
10 services in the State of Illinois. In particular, TalkingNets has access to the financing  
11 and capital necessary to conduct its telecommunications operations as specified in its  
12 Application. During the initial phase of its proposed operations, TalkingNets will  
13 rely on the financial resources of its parent company, TalkingNets, Inc. As demon-  
14 strated by Exhibit 4 of TalkingNets' Application, TalkingNets, Inc. has access to sub-  
15 stantial capital that can be made available to TalkingNets for the purpose of financing  
16 the latter entity's start-up phase.

17 **V. TALKINGNETS' PROPOSED SERVICES**

18 **Q. PLEASE DESCRIBE THE TYPES OF SERVICES THAT TALKINGNETS**  
19 **WILL OFFER IN ILLINOIS.**

20 A. TalkingNets seeks authority to provide resold and facilities-based local exchange  
21 telecommunications and intrastate interexchange services to customers throughout the

1 State of Illinois. TalkingNets seeks authority to provide these services utilizing a  
2 combination of its own facilities and, where necessary, resold facilities of other carri-  
3 ers. Applicant plans to offer its services to small and medium-size businesses, as well  
4 as residential customers. Exchange services may include – but will not be limited to  
5 – (i) local exchange access services to single-line and multi-line customers (including  
6 basic residential and business line service, direct inward/outward PBX trunk service,  
7 Centrex services and ISDN service); (ii) local exchange services to customers of Ap-  
8 plicant's end user access line services; and (iii) switched and special carrier access  
9 services to other common carriers. Furthermore, TalkingNets plans to use Internet  
10 Protocol (IP) telecom architecture to provide high-quality voice and data services as  
11 well as enhanced web-based applications for its customers.

12 **Q. HOW WILL TALKINGNETS PROVIDE THESE SERVICES?**

13 **A.** TalkingNets will transport its packet-based voice services to the end user by using  
14 bandwidth on high-speed Internet connections. TalkingNets will lease high-capacity  
15 backbone routes to connect to other voice and data carriers as well as the long dis-  
16 tance network. TalkingNets also plans to link its network to the incumbent LEC in  
17 order to facilitate interconnection with the latter's network. To maximize reliability  
18 and efficiency of service, TalkingNets will build hub sites and will monitor its net-  
19 work with sophisticated management equipment for transmission errors and deterio-  
20 ration in service.

1 TalkingNets proposes to provide service through the use of unbundled network  
2 elements purchased from other carriers and through the resale of others' services.

3 TalkingNets plans to install a switched network to carry its voice and data traffic.

4 **Q. WHAT GEOGRAPHIC AREAS WILL TALKINGNETS SERVE?**

5 **A.** TalkingNets seeks authority to provide local exchange telecommunications services  
6 throughout the State of Illinois. Initially, TalkingNets will be providing services only  
7 in the Chicago metropolitan area. As market conditions warrant, TalkingNets will  
8 seek to expand its services to other areas within Illinois.

9 **VI. COMPLIANCE WITH COMMISSION RULES, REGULATIONS AND POLI-**  
10 **CIES**

11 **Q. IF AUTHORIZED TO PROVIDE COMPETITIVE TELECOMMUNICA-**  
12 **TIONS SERVICES, WILL TALKINGNETS ABIDE BY THE RULES, REGU-**  
13 **LATIONS, POLICIES AND ORDERS OF THIS COMMISSION, AND THE**  
14 **LAWS OF THE STATE OF ILLINOIS, IN ITS PROVISION OF COMPETI-**  
15 **TIVE INTRASTATE LOCAL EXCHANGE AND INTEREXCHANGE SERV-**  
16 **ICES?**

17 **A.** Yes, it will. TalkingNets will provide service in Illinois in full compliance with all  
18 rules and regulations that have been or may be adopted relating to the provision of lo-  
19 cal exchange and interexchange services, as well as any other applicable state or fed-  
20 eral rules, regulations, or statutes. For example, TalkingNets will comply with all  
21 statutory and Commission requirements concerning the filing of tariffs; customer no-  
22 tification of rate increases; customer billing and credit issues; access to 9-1-1 serv-

ices; access to telecommunications for persons with disabilities; and the filing of regulatory reports and the payment of regulatory assessments.

**Q. PLEASE PROVIDE THE NAME, ADDRESS, TELEPHONE, AND FAX NUMBER OF THE 9-1-1 CONTACT PERSON FOR YOUR COMPANY.**

**A.** Steve Goodman is the contact person for 9-1-1 issues for TalkingNets. His business address is 1111 Military Cutoff Rd., Suite 221, Wilmington, NC 28405. His phone number is (910) 332-1899.

**Q. WILL YOUR COMPANY ENSURE THAT 9-1-1 TRAFFIC IS HANDLED IN ACCORDANCE WITH 83 ILLINOIS ADMINISTRATIVE CODE PART 725 AND THE EMERGENCY TELEPHONE SYSTEM ACT?**

**A.** Yes, TalkingNets will ensure that 9-1-1 traffic is handled in accordance with 83 Illinois Administrative Code Part 725 and the Emergency Telephone System Act.

**Q. WILL YOUR COMPANY CONTACT AND ESTABLISH A WORKING RELATIONSHIP WITH 9-1-1 SYSTEMS WHEN YOU BEGIN TO PROVIDE LOCAL TELEPHONE SERVICE?**

**A.** Yes. TalkingNets will contact and establish a working relationship with 9-1-1 systems prior to providing local telephone service in Illinois.

**Q. WILL YOUR COMPANY COORDINATE WITH THE INCUMBENT LEC(S) AND LOCAL 9-1-1 SYSTEMS TO PROVIDE TRANSPARENT SERVICE FOR YOUR LOCAL EXCHANGE CUSTOMERS?**

**A.** Yes, TalkingNets will coordinate with the incumbent LEC(s) and local 9-1-1 systems to provide transparent 9-1-1 service to TalkingNets' local exchange customers.



1 TalkingNets will enter into interconnection agreements with the incumbent LECs,  
2 which shall set forth the manner of transporting 9-1-1 calls from the TalkingNets end  
3 user to the appropriate Public Safety Answering Point ("PSAP").

4 **Q. WHO WILL BE RESPONSIBLE FOR BUILDING AND MAINTAINING THE**  
5 **9-1-1 DATA BASE FOR YOUR LOCAL EXCHANGE CUSTOMERS?**

6 **A.** Steve Goodman be responsible for maintaining TalkingNets' internal 9-1-1 database  
7 and operations. His business address is: 1111 Military Cutoff Rd., Suite 221, Wil-  
8 mington, NC 28405. His phone number is: (910) 332-1899.

9 **Q. HOW OFTEN WILL YOUR COMPANY UPDATE THE 9-1-1 DATA BASE**  
10 **WITH CUSTOMER INFORMATION?**

11 **A.** TalkingNets will update the 9-1-1 database *daily* ~~monthly~~.

12 **Q. WILL YOUR COMPANY'S BILLING SYSTEM HAVE THE ABILITY TO**  
13 **DISTINGUISH BETWEEN FACILITIES BASED AND RESALE FOR THE**  
14 **COLLECTION OF THE 9-1-1 SURCHARGE AND ILLINOIS TELE-**  
15 **COMMUNICATIONS ACCESS CORPORATION LINE CHARGE?**

16 **A.** Yes. TalkingNets' billing system will differentiate between facilities-based and  
17 resale services for the collection of the 9-1-1 surcharge and Illinois Telecommunica-  
18 tions Access Corporation line charge.

19 **Q. DOES YOUR COMPANY HAVE PROCEDURES FOR THE TRANSITION-**  
20 **ING OF THE 9-1-1 SURCHARGE COLLECTION AND DISBURSEMENT TO**  
21 **THE LOCAL 9-1-1 SYSTEM?**

22 **A.** TalkingNets plans to have such procedures in place prior to initiating its services.

1 Q. WILL YOUR COMPANY'S PROPOSAL REQUIRE ANY NETWORK  
2 CHANGES TO ANY OF THE 9-1-1 SYSTEMS?

3 A. No.

4 Q. WILL YOUR COMPANY BE ABLE TO MEET THE REQUIREMENTS  
5 SPECIFIED UNDER PART 725.500(o) AND 725.620(b) FOR THE INSTAL-  
6 LATION OF CALL BOXES?

7 A. TalkingNets intends to request a waiver of Part 725.500(o) and 725.620(b) from the  
8 Illinois Commerce Commission. While TalkingNets did not seek a waiver of these  
9 Parts in its Application, TalkingNets now wishes to assert its intention to obtain such  
10 a waiver. Sections 725.500(o) and 725.620(b) require that call boxes be installed at a  
11 local exchange carrier's ("LEC") switch in order to allow a Public Safety Answering  
12 Point ("PSAP") employee to field 9-1-1 calls from that switch in the event of a  
13 trunking problem between the central office and the PSAP. This requirement is ap-  
14 propriate when applied to incumbent LECs, who have switching equipment installed  
15 in virtually every one of their central offices. It would be technically infeasible and  
16 logistically impossible for a PSAP employee to field calls from TalkingNets' switch  
17 in the event of a trunking problem between TalkingNets' and the tandem through  
18 which TalkingNets will route 9-1-1 calls. Therefore, TalkingNets requests that it be  
19 exempted from complying with this requirement. TalkingNets nevertheless will en-  
20 sure that it can process all emergency calls with a high degree of reliability. It is  
21 TalkingNets' understanding that this waiver has been granted to other CLECs previ-  
22 ously.

1 Q. PLEASE PROVIDE THE NAME, ADDRESS, TELEPHONE, AND FAX  
2 NUMBER OF THE PERSON AT YOUR COMPANY THAT WILL BE RE-  
3 SPONSIBLE FOR WORKING WITH THE COMMISSION'S CONSUMER  
4 SERVICES DIVISION FOR COMPLAINT RESOLUTION?

5 A. Steve Goodman is the contact person who will be responsible for working with the  
6 commission that area. His business address is 1111 Military Cutoff Rd., Suite 221,  
7 Wilmington, NC 28405. His phone number is (910) 332-1899.

8 Q. WILL YOUR COMPANY COMPLY WITH 83 ILLINOIS ADMINISTRATIVE  
9 CODE PART 772, PAY-PER-CALL SERVICES, INCLUDING PART  
10 772.55(a)(1), BILLING AND PART 772.100(d) NOTICES?

11 A. At this time, TalkingNets has no plans to provide local pay-per-call services. Should  
12 TalkingNets provide the services in the future, it will abide by 83 Illinois Administra-  
13 tive Code Part 772, including Part 772.55(a)(1) and Part 772.100(d).

14 Q. WILL YOUR COMPANY COMPLY WITH 83 ILLINOIS ADMINISTRATIVE  
15 CODE PART 705, PRESERVATION OF RECORDS OF TELEPHONE  
16 UTILITIES?

17 A. Yes. TalkingNets will comply with the regulations imposed on LECs concerning the  
18 preservation of records. However, as described below, TalkingNets requests permis-  
19 sion to maintain its books and records at its principal place of business in the State of  
20 North Carolina, pursuant to 83 Ill. Admin. Code part 250.

21 Q. WILL YOUR COMPANY ABIDE BY 83 ILLINOIS ADMINISTRATIVE  
22 CODE PART 735, "PROCEDURES GOVERNING THE ESTABLISHMENT

**OF CREDIT, BILLING, DEPOSITS, TERMINATION OF SERVICE AND ISSUANCE OF TELEPHONE DIRECTORIES FOR TELEPHONE UTILITIES IN THE STATE OF ILLINOIS”?**

**A.** To the extent that the Commission does not grant TalkingNets a waiver of Part 735, TalkingNets will comply with 83 Illinois Administrative Code Part 735. As described below, however, TalkingNets seeks to obtain a waiver of Part 735 with respect to its interexchange services.

**Q. WHO WILL PROVIDE CUSTOMER REPAIR SERVICE FOR YOUR COMPANY?**

**A.** TalkingNets customers may call our customer service number, 1-877-661-8255, 24 hours a day, seven days a week for routine and emergency repair and maintenance. If the repair or maintenance request concerns a resold or UNE portion of our network, our staff will contact the incumbent carrier. If the repair or maintenance request concerns a TalkingNets owned facility, such as a switch, we will either rely upon our own employees and resources to address the request or will ensure proper compliance with contractual arrangements established with the ILEC.

**Q. WILL YOUR COMPANY MEET THE REQUIREMENTS AS THEY PERTAIN TO THE TELEPHONE ASSISTANCE PROGRAMS IMPOSED BY SECTIONS 13.301 AND 13.301.1 OF THE ILLINOIS PUBLIC UTILITIES ACT AND 83 ILLINOIS ADMINISTRATIVE CODE PART 757?**

**A.** Yes, TalkingNets will participate with Illinois telephone assistance programs.

1 Q. DOES TALKINGNETS INTEND TO COMPLY WITH THE COMMISSION'S  
2 RULES CONCERNING THE PROVISION OF TELEPHONE RELAY SERV-  
3 ICES AND OTHER REQUIREMENTS CONCERNING THE PROVISION OF  
4 SERVICE TO PERSONS WITH DISABILITIES?

5 A. Yes. TalkingNets will comply with applicable Commission regulations concerning  
6 Telecommunications Relay Services, access for persons with disabilities, and tele-  
7 phone assistance programs. TalkingNets intends to comply with those requirements  
8 including the provision of TTY distribution and Telecommunications Relay Service  
9 by contracting with incumbent LECs.

10 Q. WILL YOUR COMPANY ABIDE BY THE REGULATIONS AS PRE-  
11 SCRIBED IN 83 ILLINOIS ADMINISTRATIVE CODE PART 755, "TELE-  
12 COMMUNICATIONS ACCESS FOR PERSONS WITH DISABILITIES," 83  
13 ILLINOIS ADMINISTRATIVE CODE PART 756 "TELECOMMUNICA-  
14 TIONS RELAY SERVICE," AND SECTIONS 13-703 OF THE ILLINOIS  
15 PUBLIC UTILITIES ACT?

16 A. Yes, it will.

17 Q. WILL TALKINGNETS COMPLY WITH THE COMMISSION'S RULES  
18 CONCERNING THE UNIVERSAL SERVICE OBLIGATIONS OF LOCAL  
19 EXCHANGE CARRIERS, INCLUDING REGULATIONS CONCERNING  
20 CONTRIBUTIONS TO THE UNIVERSAL TELEPHONE ASSISTANCE  
21 CORPORATION ("UTAC")?

1 A. Yes. TalkingNets will comply with the requirements of Ill. Adm. Code Part 757.  
2 TalkingNets intends to establish membership with the Universal Telephone Assis-  
3 tance Corporation ("UTAC"), to meet the requirements concerning the solicitation  
4 and remittance of contributions, and to file appropriate reports with the Commission  
5 in the same manner as the incumbent LECs. TalkingNets will comply with all rules  
6 and requirements imposed on LECs in order to bear its fair share of responsibilities  
7 associated with universal service obligations.

8 Q. HAS YOUR COMPANY SIGNED AND RETURNED THE UNIVERSAL  
9 TELEPHONE ASSISTANCE CORPORATION ("UTAC") AND THE ILLI-  
10 NOIS TELECOMMUNICATIONS ACCESS CORPORATION ("ITAC") TO  
11 COMMISSION STAFF?

12 A. Yes. TalkingNets submitted these documents to the Commission as part of Exhibit 7  
13 to its Application.

14 Q. WILL YOUR COMPANY SOLICIT, COLLECT, AND REMIT THE VOLUN-  
15 TARY CONTRIBUTIONS FROM ITS TELEPHONE SUBSCRIBERS TO  
16 SUPPORT THE TELEPHONE ASSISTANCE PROGRAMS?

17 A. Yes, it will.

18 Q. DOES YOUR COMPANY PLAN TO OBTAIN ELIGIBLE TELE-  
19 COMMUNICATIONS CARRIER STATUS TO QUALIFY FOR THE FEDER-  
20 ALLY FUNDED LIFELINE AND LINK UP PROGRAMS?

21 *Yes* A. At this time, TalkingNets does not intend to seek designation as an Eligible Tele-  
22 communications Carrier.

1 Q. WILL YOUR COMPANY OFFER ALL OF THE WAIVERS ASSOCIATED  
2 WITH THE UNIVERSAL TELEPHONE SERVICE ASSISTANCE PRO-  
3 GRAMS (UTSAP)?

4 A. Yes, it will.

5 Q. PLEASE DESCRIBE YOUR COMPANY'S INTERNAL PROCESS FOR  
6 COMPLAINT RESOLUTION, THE ESCALATION PROCESS WITHIN  
7 YOUR COMPANY, AND WHEN A CUSTOMER SHALL BE NOTIFIED  
8 THAT THEY MAY CONTACT THE ILLINOIS COMMERCE COMMISSION  
9 FOR ASSISTANCE.

10 A. TalkingNets will maintain a toll-free customer service number, 1-887-661-8255, that  
11 customers may call to register service, billing, and repair complaints. TalkingNets  
12 views customer satisfaction as critical to its success in the competitive market place  
13 and will address all service, billing, and repair complaints and inquiries promptly. If  
14 TalkingNets is unable to resolve a complaint to a customer's satisfaction, TalkingNets  
15 will advise the customer of its right to file a complaint with the Illinois Commerce  
16 Commission.

17 Q. WILL THE COMPANY FILE TARIFFS FOR ALL SERVICES AND  
18 CHARGES ASSOCIATED WITH PROVIDING LOCAL TELEPHONE SERV-  
19 ICE, INCLUDING SPECIFIC PROGRAMS, E.G., 9-1-1, UTAC, AND ITAC?

20 A. Yes. TalkingNets will file a final local exchange tariff after certification and prior to  
21 the initiation of local exchange service in Illinois. The tariff will set forth provisions  
22 for all of its local service offerings, including 9-1-1, UTAC, and ITAC.

1    **Q.    HOW DOES YOUR COMPANY PLAN TO SOLICIT CUSTOMERS ONCE IT**  
2           **BEGINS TO PROVIDE LOCAL SERVICE?**

3    **A.    TalkingNets will use direct marketing and wholesale methods in order to market its**  
4           **service to business and residential customers.**

5    **Q.    WILL YOUR COMPANY ABIDE BY FEDERAL AND STATE SLAMMING**  
6           **LAWS?**

7    **A.    Yes. TalkingNets will comply with Illinois law and the Federal Communications**  
8           **Commission's regulations regarding how carriers may change a consumer's primary**  
9           **carrier.**

10   **Q.    HAS YOUR COMPANY WRITTEN GUIDELINES TO PREVENT THE**  
11       **UNAUTHORIZED SLAMMING OF LOCAL EXCHANGE CUSTOMERS?**

12   **A.    TalkingNets requires that every sale of telecommunications service be generated**  
13       **through customer understanding and informed consent regarding the nature of the**  
14       **transaction, the services being requested and the associated costs involved. Talking-**  
15       **Nets will comply with all applicable Illinois Commerce Commission and FCC rules**  
16       **and regulations regarding slamming.**

17   **Q.    HAS YOUR COMPANY PROVIDED SERVICE UNDER ANY OTHER**  
18       **NAME?**

19   **A.    No.**

20   **Q.    HAVE ANY COMPLAINTS OR JUDGMENTS BEEN LEVIED AGAINST**  
21       **THE COMPANY? (INSTATE, OUT-OF-STATE, OR FCC)?**



1 A. To my knowledge, no complaints or court judgements have been levied with any  
2 regulatory body against TalkingNets.

3 **VII. WAIVERS AND VARIANCES**

4 **Q. TALKINGNETS HAS REQUESTED WAIVERS FROM CERTAIN PROVI-**  
5 **SIONS OF THE ILL. ADM. CODE. WHAT IS THE BASIS FOR THESE RE-**  
6 **QUESTS?**

7 A. TalkingNets seeks a waiver of Part 710. TalkingNets also requests a variance of Part  
8 735 with respect to interexchange services as well as a variance of Part 735.180 with  
9 respect to local exchange services. Furthermore, TalkingNets requests a waiver of  
10 Parts 725.500(o) and 725.620(b), as I have already mentioned. It is my understanding  
11 that in other cases the Commission has found that it is not necessary to apply these  
12 regulatory provisions to competitive service providers and has exempted competitive  
13 carriers from the application of these provisions. Such waivers reduce the economic  
14 burdens of regulation and are not inconsistent with the law or the purposes and poli-  
15 cies of Article XIII of the Act. TalkingNets respectfully submits that these waivers  
16 will benefit Illinois consumers by facilitating the Company's entry into the telecom-  
17 munications market without compromising the public interest.

18 **Q. PLEASE EXPLAIN TALKINGNETS' REQUEST FOR A WAIVER FROM**  
19 **PART 710.**

20 A. Part 710 requires compliance with the Uniform System of Accounts ("USOA").  
21 While this provision is appropriately applied to incumbent LECs that have market  
22 power, it imposes unnecessary and burdensome requirements on new entrants that are

1 inconsistent with a competitive environment. TalkingNets' size and lack of market  
2 power are special circumstances that warrant a waiver of the USOA requirement.  
3 TalkingNets keeps its books in accordance with Generally Accepted Accounting  
4 Principles ("GAAP"), which will result in a substantially equivalent portrayal of its  
5 operating results and financial condition and will maintain uniformity in the substan-  
6 tive results as among telecommunications companies. Finally, it is my understanding  
7 that the Commission has waived Part 710 for other competitive carriers. TalkingNets  
8 seeks the same treatment.

9 **Q. WILL APPLICANT MAINTAIN ITS RECORDS IN SUFFICIENT DETAIL**  
10 **TO FACILITATE THE CALCULATION OF ALL APPLICABLE TAXES?**

11 **A.** Yes.

12 **Q. DOES THE ACCOUNTING SYSTEM CURRENTLY IN USE BY APPLI-**  
13 **CANT PROVIDE SUFFICIENTLY DETAILED DATA FOR THE PREPARA-**  
14 **TION OF ILLINOIS GROSS RECEIPTS TAX RETURNS? WHAT SPECIFIC**  
15 **ACCOUNTS OR SUB-ACCOUNTS PROVIDE THIS DATA?**

16 **A.** Yes. TalkingNets' Chart of Accounts demonstrates that its accounting system  
17 provides sufficiently detailed data for the preparation of Illinois gross receipts tax re-  
18 turns. TalkingNets' Chart of Accounts is attached as Exhibit 6 of its Application.

19 **Q. PLEASE DESCRIBE TALKINGNETS' REQUEST FOR A WAIVER OF THE**  
20 **REQUIREMENT TO MAINTAIN BOOKS AND RECORDS IN THE STATE**  
21 **OF ILLINOIS PURSUANT TO 83 ILL. ADM. CODE 250.20.**

1 A. TalkingNets requests a waiver pursuant to 83 Ill. Adm. Code 250.20 so that it may  
2 maintain its books and records at its principal place of business in Wilmington, North  
3 Carolina.

4 Q. PLEASE EXPLAIN TALKINGNETS' REQUEST FOR A VARIANCE FROM  
5 83 ILL. ADM. CODE PART 735.180.

6 A. TalkingNets seeks a variance of Part 735.180, which requires LECs to publish and  
7 distribute directories to their customers. TalkingNets plans to negotiate an agreement  
8 with other local exchange providers, pursuant to which those carriers will include  
9 TalkingNets' customer listings in their directories and distribute them to TalkingNets'  
10 customers.

11 Q. PLEASE EXPLAIN THE COMPANY'S REQUEST FOR A WAIVER OF  
12 OTHER PROVISIONS OF PART 735.

13 A. TalkingNets requests that the Commission waive the provisions of Part 735 with  
14 respect to its interexchange services only. Except for section 735.180, which I have  
15 just discussed, we are not requesting that any other rules in this Part be waived with  
16 respect to local exchange services. It is my understanding that the Commission has  
17 already determined that application of these rules to competitive providers of interex-  
18 change services is unnecessary, and this waiver will be equivalent to that previously  
19 granted to other such providers.

20 **VIII. CONCLUSION**

21 Q. THE COMMISSION'S CONSUMER SERVICES DIVISION REQUESTS  
22 THAT CARRIERS THAT ARE CERTIFIED TO PROVIDE LOCAL EX-

1           **CHANGE SERVICE NOTIFY THE DIVISION AT LEAST ONE MONTH**  
2           **PRIOR TO THE ACTIVATION OF LOCAL EXCHANGE SERVICE. WILL**  
3           **TALKINGNETS SO NOTIFY THE DIVISION ON A TIMELY BASIS PRIOR**  
4           **TO THE ACTIVATION OF LOCAL SERVICE?**

5    A.    Yes, it will.

6    Q.    **DOES THIS CONCLUDE YOUR TESTIMONY?**

7    A.    Yes, it does. I reserve the right, however, to amend or modify my testimony, as  
8           appropriate.

9    **END OF TESTIMONY**

## VERIFICATION

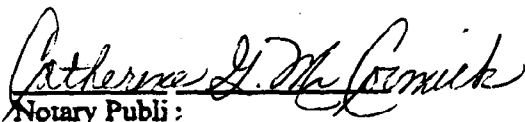
STATE OF NORTH CAROLINA     )  
  )  
COUNTY OF NEW HANOVER     )

I, John Philips, being duly sworn, declare that I am President and Chief Executive Officer of TalkingNets Holdings, LLC ("TalkingNets"). I have caused to be prepared written testimony in connection with TalkingNets' Application for a Certificate of Local and Interexchange Authority to Operate as a Reseller and Facilities-Based Carrier of Telecommunications Services Throughout the State of Illinois. My testimony is true and correct to the best of my knowledge and belief.



Name: John Philips  
Title: President and CEO  
TalkingNets Holdings, LLC

Subscribed and Sworn to before me this 11 day of October, 2000.

  
Notary Public:

My commission expires: April 1, 2000

